



**GENERAL COUNSEL OF THE
UNITED STATES DEPARTMENT OF COMMERCE**
Washington, D.C. 20230

July 23, 2002

The Honorable Richard B. Cheney
President of the Senate
Washington, DC 20510-0010

Dear Mr. President:

Enclosed is a draft bill to amend the Communications Act of 1934 to create a Spectrum Relocation Fund and revise the procedures under which Federal entities are paid for relocating from spectrum frequencies reallocated for auction to commercial entities. This proposal will provide more certainty for both Federal and commercial entities in the auction of reallocated Federal spectrum.

Under current law, commercial entities must reimburse Federal entities for the costs of relocating from reallocated spectrum, and agencies are authorized to accept these payments, but the spending of the payments must be appropriated. This proposal would not only change the mechanism for payment to the agencies from direct payments by the commercial entities to payments from a central Spectrum Relocation Fund funded by auction receipts, it would also authorize the Federal entities to spend the payments without further appropriation.

Any law that affects direct spending or receipts is subject to the pay-as-you-go requirements of the Balanced Budget and Emergency Deficit Control Act. The Office of Management and Budget (OMB) advises that this proposal would increase direct spending, which would be a PAYGO cost. OMB is reviewing the cost estimate for this draft bill.

We have been advised by OMB that enactment of this legislative proposal would be in accord with the program of the President.

Sincerely,

A handwritten signature in dark ink, reading "Theodore W. Kassinger", is positioned above the printed name.

Theodore W. Kassinger

Enclosure

IDENTICAL LETTERS SENT TO:

The Honorable Dennis Hastert
Speaker of the House of
Representatives
Washington, DC 20515-6501

The Honorable Thomas Daschle
Majority Leader
United States Senate
Washington, DC 20510-1601

The Honorable Richard Armey
Majority Leader
House of Representatives
Washington, DC 20515-6503

The Honorable Trent Lott
Minority Leader
United States Senate
Washington, DC 20510-0010

The Honorable Richard A. Gephardt
Minority Leader
House of Representatives
Washington, DC 20515-6502

The Honorable Ernest F. Hollings
Chairman, Committee on Commerce,
Science and Transportation
United States Senate
Washington, DC 20510-6125

The Honorable John McCain
Committee on Commerce, Science
and Transportation
United States Senate
Washington, DC 20510-6125

The Honorable W. J. "Billy" Tauzin
Chairman, Committee on Energy
and Commerce
House of Representatives
Washington, DC 20515-6115

The Honorable John D. Dingell
Committee on Energy and Commerce
House of Representatives
Washington, DC 20515-6115